

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Friday, June 13, 1997, 9:00 a.m.

UAC Offices,
4021 South 700 East, Suite 180, Salt Lake City

A G E N D A

9:00	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of May 8 and May 29, 1997, Minutes	Gary Herbert
	Board of Trustees Vacancies	Gary Herbert
	Recommendations Relating to Member Bidding Issues	Brent Gardner Brett Rich
	Audit Committee Report	Gerald Hess
	Director's Report	Brett Rich
11:30	Lunch Break	
	Summary of April 1997 Financial Statements	Brett Rich
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Other Business	Gary Herbert
1:00	Adjourn	

4021 South 700 East, Suite 180
Salt Lake City, Utah 84107



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUALS

UACIM BOARD OF TRUSTEES MEETING

MINUTES

June 13, 1997, 9:00 a.m., UAC Offices, Salt Lake City

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Monte Munns, *Secretary*, Box Elder County Assessor-Treasurer
Sid Groll, *Treasurer*, Cache County Sheriff
Tony Dearden, Millard County Commissioner
Sarah Ann Skanchy, Cache County Council Member
Curtis Dastrup, Duchesne County Commissioner
Ty Lewis, San Juan County Commissioner

BOARD MEMBERS ABSENT

Gary Sullivan, Beaver County Commissioner

OTHERS PRESENT

Kent Sundberg, Chairman, Litigation Management Committee
Brent Gardner, UAC Executive Director
Brett Rich, Director, UACIM
Doug Alexander, McLaren's Toplis Claims Manager

CALL TO ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW OF BOARD MEMBERS ABSENT

Sid Groll made a motion to excuse Gary Sullivan from this meeting. Curtis Dastrup seconded the motion which passed unanimously.

APPROVAL OF MAY 8 AND MAY 29, 1997, MINUTES

The minutes from the Board of Trustees meeting held on May 8 and the minutes from the telephonic conference on May 29, 1997, were previously sent to the Board Members for review. Curtis Dastrup noted that at the March 13, 1997, Board meeting he explained that he would be unable to attend the May 8, 1997, meeting due to a Wildlife Board meeting. Sid Groll made a motion to excuse Curtis from the May 8, 1997, Board of Trustees meeting. Sarah Ann Skanchy seconded the motion which passed unanimously. Ty Lewis made a motion to approve the May 8 and May 29, 1997, minutes as written. Curtis Dastrup seconded the motion which passed unanimously.

BOARD OF TRUSTEES VACANCIES

Gary Herbert explained that Sid Groll has accepted a position as Director of Peace Officers Standards & Training (POST). Sid will resign his position as Cache County Sheriff effective June 16, 1997. Therefore, the Board must appoint two new members of the Board to replace Sid as an At-Large representative and Gary Sullivan as a Fourth, Fifth and Six Class representative.

For the vacant At-Large representative position, the Board agreed that they would prefer to have representation of a county sheriff on the Board. Several recommendations were made, discussed and individuals contacted for willingness to serve. Ty Lewis made a motion to appoint Ed Phillips, Millard County Sheriff, to fill the unexpired term of Sid Groll. Curtis Dastrup seconded the motion which passed unanimously.

Pursuant to the Board's direction, Brett Rich met with Beaver County Commissioner, Chad Johnson, regarding his attendance at the Board meetings during Gary Sullivan's absence. Chad explained that Beaver County Commissioner, Ross Marshall, also has health problems, leaving him (Chad) to handle all the duties of the Commission. He would be willing to attend the meetings if time allowed. After discussing several recommendations, Ty Lewis made a motion to appoint Chad Johnson as the Fourth, Fifth, Six Class County Representative on the Board of Trustees until the next annual meeting of the members. If Chad declines, then the Board agreed to appoint Garfield County Commissioner, Louise Liston. If Louise declines then the Board will consider a representative from Emery County. Curtis Dastrup seconded the motion which passed unanimously.

RECOMMENDATIONS RELATING TO MEMBER BIDDING ISSUES

Under the direction of the Board at the last meeting, relating to member county bidding issues, Brett Rich and Brent Gardner made a recommendation to the Board to form a committee made up of a commissioner/council member from each county. The committee will have the task of putting together an independent study of the UACIM program and competing programs and, if necessary, to hire a consultant to facilitate the process. This will also allow an opportunity for the Board and staff to educate the committee on the structure of the UACIM program.

Ty Lewis made a motion directing Brett, Brent and designated Board Members to meet with Beaver, Garfield, Iron and Wasatch Counties to discuss their concerns and assist them in understanding the strengths of the Mutual during their bidding process. Also, invite these counties to the next Board of Trustees meeting to be held in Iron County. Tony Dearden seconded the motion which passed unanimously.

Curtis Dastrup made a motion which included: 1) holding the Board of Trustees monthly meetings regionally and inviting member counties to attend, 2) assigning each Board Member to contact specific counties periodically to see if they have any questions or concerns, 3) Brett Rich developing a "fact sheet" of the Mutual, and 4) the formation of a committee made up of commissioners, council members, executive or equivalent designee for the purpose of educating members, developing an independent study and hiring a consultant if necessary. The committee will report to the Board at each meeting. Ty Lewis seconded the motion which passed unanimously.

Board members were assigned to the following counties: **Gary Herbert**-Garfield, Salt Lake, Summit, Weber; **Monte Munns**-Box Elder, Piute, Tooele; **Curtis Dastrup**-Daggett, Uintah, Wasatch; **Sarah Ann Skanchy**-Grand, Morgan, Rich; **Tony Dearden**-Beaver, Kane, Iron, Sevier; **Ty Lewis**-Carbon, Emery, Wayne; **Gerald Hess**-Juab, Sanpete, Washington.

AUDIT COMMITTEE REPORT

Gerald Hess reported that the Audit Committee met on May 22, 1997. Representatives from Squire & Company, Darin Clark and Risa Cox presented the preliminary draft of the 1996 audit report. All Committee Members received a copy of the draft report. Gerald was impressed with their presentation and felt that they wanted to make sure they had given us a product that was helpful. The report was consistent with the monthly financial statements and the numbers were verified to be accurate and correct. They gave the Mutual their highest qualified opinion in all categories. Gerald reviewed portions of the Audit Management Letter which gave suggestions to improve the operation and management of the Mutual.

The Board would like Gerald, as the chairman of the Audit Committee, to introduce a representative from Squire & Company to make a presentation at the Commissioner's Workshop in September.

Curtis Dastrup made a motion directing Brett Rich and Brent Gardner to review the Audit Management Letter and take the reasonable steps necessary to comply with Squire & Company's recommendations. Tony Dearden seconded the motion which passed unanimously.

SET DATE AND TIME FOR CLOSED MEETING

Sarah Ann Skanchy made a motion to set the date and time for a closed meeting to begin at 11:05 a.m. on June 13, 1997, to discuss pending or reasonably imminent litigation. Monte Munns seconded the motion which passed unanimously.

Monte Munns made a motion to conclude the closed meeting at 11:30 a.m. on June 13, 1997. Sid Groll seconded the motion which passed unanimously.

DIRECTOR'S REPORT

Bonding Change for County Officials Brett Rich explained that SB 221, passed during the 1997 session, amended the requirements in the Code for bonding of county officials, allowing the options of providing either liability insurance or a blanket fidelity bond in lieu of individual bonds. Brett is working with the underwriters to clarify whether the employee dishonesty coverage, in the UACIM policy, will cover the officials adequately. UACIM would like policy to cover the officials, that are no longer required to be bonded, and to remove the Treasurer/Tax Collector exclusion. Brett will have more information at the next meeting.

Equity Plan Brett explained that any equity of the Mutual, 1) goes to meet the surplus requirements set by the State Insurance Department, 2) to pay the debenture loans, and 3) for distribution to members at the Board's discretion. Brett reviewed his method of calculating member's shares of equity of the Mutual. The Board directed Brett to present the concept of his calculations, in writing, to the Board at the next meeting.

1998 Renewal Information Brett explained that only a few of the counties have submitted their renewal information. A reminder was faxed to the insurance coordinators on June 11. This information was due by June 12 and is a prerequisite to receive credits in the Risk Management Program.

Actuarial Report At the May 8 meeting, Ann had some questions regarding the language referring to "point estimates" in the Coopers & Lybrand actuarial report. John Kryska, Coopers & Lybrand, explained this broad term means an estimate at a specific point in time. Depending on future circumstances, these estimates are subject to change.

AIG Audit Brett explained that pursuant to the Board's direction, he retained Bruce Foudree, a nationally known attorney for his expertise in insurance law, to consult with during this audit. He recommended that Brett not allow the AIG auditors to look at any claims coverage opinions, explaining that they are privileged information and should not be given to an excess carrier, even if the opinion is favorable. Therefore, Brett went through each file AIG requested and removed the coverage opinions. Bruce also cautioned that the auditors should not be left alone with the files and that all copies should be made by staff. As of today, UACIM has not received a written report and will send an invoice, including interest, if the report is not received by next week. AIG did not respond to the verification request sent by Squire & Company for the audit of UACIM's financial statements. AIG claimed that they did not receive timely notice and enough information to offer an opinion. Therefore, a copy of the audit performed by McLarens Toplis was used by Squire & Company to verify that the statement of recoverables is within a reasonable range.

Loss Control Manager Position Brett explained that an advertisement for the Loss Control Manager was placed in the Salt Lake Tribune, Deseret News and PRIMA. Approximately 56 resumes have been received. Ty Lewis made a motion to appoint Brett, Brent Gardner, Gerald Hess and Ed Phillips as the application review committee. The Committee will narrow the applicants down to five individuals to meet with the Board for a personal interview. Sid Groll seconded the motion which passed unanimously.

Loss Prevention Training Brett explained that he is working with Sid Groll and POST to coordinate emergency vehicle operator training. He is also working with Gary DeLand, Jimmy Stewart and Ray Wahl regarding UACIM sponsored training to be held in November at the Sheriff's Association Conference. Dr. DeCarna, nationally renowned attorney and professor of law, will conduct this training on search and seizure and probation and parole.

SUMMARY OF APRIL 1997 FINANCIAL STATEMENTS

The month ending April 1997, Financial Statements were previously sent to the Board for review. Brett reported on the comparison of the number of claims. In 1992, 307 claims were filed. In 1993, 329 claims were filed. In 1994, 372 claims were filed. In 1995, 302 claims were filed. In 1996, 237 claims were filed. In 1997, 62 claims have been filed as of month ending May. The total incurred average claim amount for 1992 is \$4400, for 1993 is \$5600, for 1994 is \$4800, for 1995 is \$2700, for 1996 is \$3400, and for 1997 is \$4200 as of month ending May.

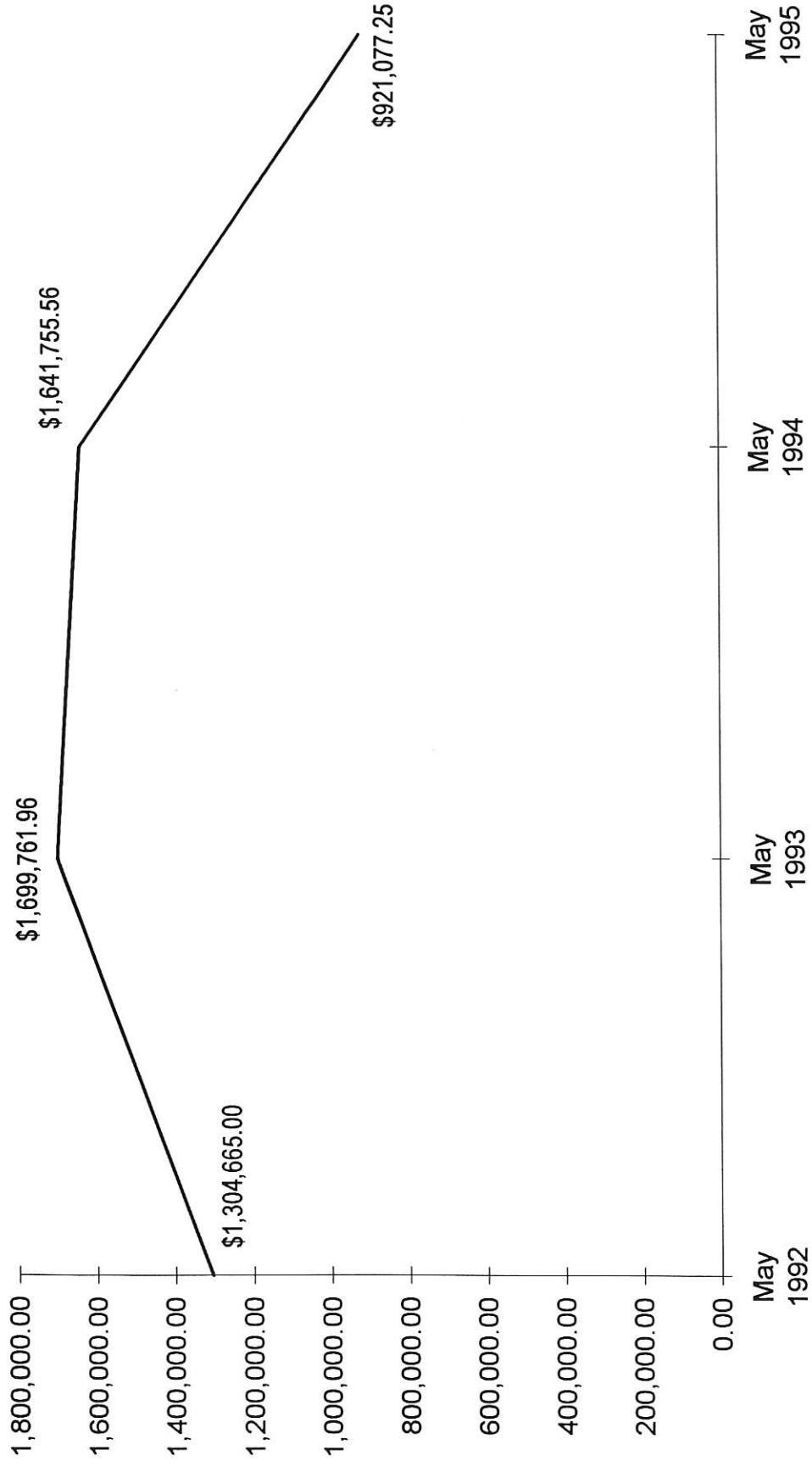
OTHER BUSINESS

Commissioner Lana Moon, President USACCC, attended the meeting briefly, at which time the Board requested time on the Commissioners/Council Members workshop agenda in September.

The next meeting of the Board of Trustees will be held Thursday, July 10, 1997, at 9:00 a.m. in the Iron County Commission Chambers, Parowan.

UAC Insurance Mutual

Total Incurred Comparison at 29 Months



UAC Insurance Mutual

Total Incurred Comparison at 17 Months

